GOVERNMENT OF SIERRA LEONE

23rd September 2020

TO: CHIEF ADMINISTRATORS OF LOCAL COUNCILS

LOCAL COUNCILS BUDGET CALL CIRCULAR FOR THE MTEF PERIOD 2021-2023

I am directed to present the local councils Budget Call Circular for the MTEF period 2021-2023. The purpose of this Circular is to communicate the following:

1. Guidelines for preparing FY 2021 budget
2. Government Fiscal priorities for FY 2021
3. Indicative vertical budget ceilings for local councils for FY 2021
4. Indicative horizontal budget ceilings for local councils for FY 2021 for all devolved sectors and the Unconditional Block Grant (UBG)¹
5. Budget calendar for preparing and submitting FY 2021 budget
6. Forms of the budget and supporting documents
7. Specific guidelines for submitting FY 2021 budget
8. Devolved Sectors’ guidelines for preparing devolved sector work plans for FY 2021 budget

In line with the above, Local Councils are required to ensure strict adherence to the budget calendar, which is detailed in this Call Circular.

By copy of this memo, Resident Technical Facilitators are requested to work with Local Councils in ensuring that timelines set for the completion of the budget process is adhered to.

Adams Sanpha Kargbo
For: Financial Secretary

Copy: Minister of Finance (MOF)
Minister of Local Government and Rural Development (MLGRD)
Minister of Health and Sanitation
Minister of Basic and Senior Secondary Education
Minister of Agriculture and Forestry
Minister of Social Welfare
Minister of Gender and Children’s Affairs
Minister of Water Resources

¹The UBG comprise of other council’s admin expenses and solid waste management
Minister of Youth Affairs
Minister of Sports
Minister of Marine Resources
Deputy Minister of Finance I and II
Deputy Minister, MLGRD
Financial Secretary
Principal Deputy Financial Secretary (PDFS)
Senior Deputy Financial Secretary (SDFS)
Permanent Secretary, MLGRD
Director of Local Government, MLG&RD
Chairman, Local Government Finance Committee (LGFC)
Director, Budget Division, MOF
Director, Public Financial Management Reform Division (PFMRD), MOF
Director, Decentralization Secretariat, MLG&RD
Permanent Secretaries of all Devolving MDAs
Chief Medical Officer, MoHS
Chief Education Officer, MBSSSE
Chief Agriculture Officer, MAF
Chief Social Services Officer, Ministry of Social Welfare
Director-General, Ministry of Agriculture and Forestry
Director, PEMSD, Ministry of Agriculture and Forestry
Chief Engineer, Water Division, MWR
Director of Programmes, Ministry of Social Welfare
Mayors/Chairmen of Local Councils
Local Council Finance Officers
Resident Technical Facilitators, Decentralization Secretariat
Chairmen, District Budget Oversight Committees (DBOCs)
CONTENT OF LOCAL COUNCILS BUDGET CALL CIRCULAR FOR THE PREPARATION AND SUBMISSION OF FY2021 BUDGET

1.0 Guidelines for preparing FY 2021 budget
The following guides shall be considered by councils for preparing their FY 2021 budgets:

- Local Councils should adhere to the requirements of the Local Government Act 2004, Public Financial Management Act 2016, the requirements of the Public Procurement Act 2016 (including amendments in the Finance Act 2019 and 2020), especially for the preparation of procurement plans (including disbursement plans) and the Public Private Partnership (PPP) Act 2014 for the preparation of projects under PPP arrangements.
- Local Councils should prepare comprehensive budgets including all donor and NGO-supported programmes and projects and should ensure budgets prepared are gender sensitive.
- Local Councils should prepare comprehensive revenue estimates accompanied with underlying assumptions. The revenue estimates thus prepared should be presented to the revenue committee and/or the Budget and Finance Committee for their concurrence prior to presenting such estimates in the local participatory budget discussions.
- Local Councils should ensure the widest participation of all stakeholders, including but not limited to devolved sector committees, NGOs, CSOs and Ward Development committees.
- Local Councils should ensure that they prepare their budgets in the format consistent with the 2014 GFS to ensure effective public sector financial reporting with International Standards. The Charts of Accounts has been upgraded from 27-digits to 30-digits in line with the current National Development Plan and the FSS 2020-2023. Local Councils are required to work with the Public Financial Management Reform Division of MoF on budgeting with the 30-digits Chart of Accounts.
- In accordance with Section 29, sub section 5, of the Public Procurement Act 2016, Local Councils should submit their procurement plans to the Ministry responsible for Finance and the Ministry responsible for Local Government for review and approval.
- Local councils should prepare their respective budget estimates for devolved functions and administrative expenses within the indicative horizontal budget ceilings as shown in part 3. (Please note that sector budget ceilings for FY2021 are pending. Local Councils should utilize the sector budget ceilings for FY2020 in Part 3 of this Call Circular for the purpose of planning)
- Activities planned to be implemented by devolved sectors, which are contained in annual sector plans should reflect the broad sector priorities for the devolved functions and the approved development plans of the local council.
- Local Councils should be aware of the split of the Ministry of Social Welfare and Ministry of Gender and Children’s affairs.
- Local councils should organize and coordinate meetings of devolved staff, devolved sector committees of councils, NGOs, INGOs and Non-State Actors within their jurisdiction to discuss planned activities in their FY 2021 budgets consistent with the provisions in this Call Circular. Copies of the Minutes of all such meetings should be sent as Annex to the budget submission for FY2021.
- Local councils should present draft activity plans to the councilors in a meeting organized for that purpose prior to presentation of such draft in the local council bilateral budget discussions.
- Local councils should make available copies of the approved budget to all councilors, chairpersons/mayors, all heads of units and a copy at the reception of their administrative office for view and consultations by the general public.
- Local Councils should submit softcopies of their approved budgets in pdf format. This will be uploaded into the website of Ministry of Finance

**Own source revenues projections**
- Local councils **must** ensure comprehensiveness in the estimation of own source revenue and provide detail and realistic analysis including forecasting or projections of each revenue source in order to improve on the credibility of the estimates and the budget as a whole.
- To link service delivery and own source revenue mobilization, Local Councils are required to budget **at least forty percent (40%)** of their estimated own source revenues on development projects that emanates from the council’s development plans.
- Local Councils should adhere to the provisions of the Local Government Act 2004 and the guidelines for the implementation of their property tax applications. They should budget at **least fifteen percent (15%)** of projected property tax revenues on the recurrent expenditure of the valuation department. More specifically, the 15% shall be spent on purchase of stationery and ink to print demand notices for the ensuing year, fuel for distributing demand notices and reassessment of new properties, sensitization of communities on the timely payments of property tax, monitoring the payments of rates and incentives (cash/kind) to staff of the valuation department, the amount of which shall be determine by the council. The Fiscal Decentralization Division (FDD) of the Ministry of Finance will closely monitor on a monthly/quarterly basis adherence to the guideline on property tax implementation and provision for the smooth operations of the valuation office.
- For local councils that have signed agreements with service providers, through PPP arrangement to manage their property tax revenues, it should be noted such PPP arrangements should be fair in the interest of the local council. Whatever PPP arrangements the councils have embarked on should be **limited to the discovery, collection and taxpayer sensitization. Assessment and Billing have tax policy implications and therefore cannot be part of any PPP arrangement and MUST be in strict adherence to the guidelines in the implementation of property tax systems.**

**Recurrent expenditure projections**
- The Unconditional Block Grant (UBG) for FY2021 comprised of Solid Waste Management and General Administration of Local Councils. Funds for Youths, Sports and Fire Prevention are now allocated on a sector base like all other devolved sectors.
- Local Council should ensure **no more than twenty percent (20%) of the UBG is budgeted on Admin expenses**.
- Local councils shall ensure ‘the other administrative expenses’ of the UBG window plus some share of own source revenues is equitably allocated and/or expended across core departments (Finance, Internal Audit, Procurement, IEC etc) in councils including the statutory committees, that is, Development Planning Committee and Budget and Finance Committee.
- Local councils shall ensure not more than fifteen percent (15%) of each devolved sector grant is budgeted to be expended on administration. However, councils are at liberty to include in their budget administrative costs that supports actual service delivery.
- Overtime payments to political heads and core staff of LCs is highly discouraged.
• DSAs payments for activities implemented in council jurisdictions should be uniform across all devolved sector units
• Realistic estimates should be made for fuel usage on activities to be implemented in FY 2021 and councils are strongly encouraged to adopt a system of fuel usage that is transparent and easy to monitor.

2.0 Government Fiscal Priorities for FY 2021

The Fiscal Year 2021 MTEF budget will be the Third year of implementation of the Fiscal Strategy Statement (FSS) 2019 - 2023 which is anchored on the Medium-Term National Development Plan. To support the attainment of the outcomes in the Fiscal Strategy Statement 2019 - 2023, priority will be given to the following:

• The completion of all ongoing development projects. This means the development component of the FY 2021 budgets of local councils shall comprise projects under implementation by local councils
• Strengthen and improve on public financial management to ensure budget credibility, probity in the use of public funds, improve fiscal discipline, and efficiency in public service delivery at the local level

3.0 Indicative vertical budget ceiling for FY 2021

Total FY 2021 budget ceiling for all 22 local councils are outstanding. However, for the purpose of planning, local councils are required to use indicative ceilings for FY2020 as shown below.
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Note: The table continues with more columns and data entries.
5.0 **Budget calendar for preparing and submitting FY 2021 budget**

The time table for preparing and submitting the 2021 budget of local councils is shown in table 4 below.

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<th>No</th>
<th>Activity</th>
<th>Responsible institution</th>
<th>Timeline</th>
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<td></td>
<td><strong>Budget Call Circular</strong></td>
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<tr>
<td>1</td>
<td>Issuance of Local Councils Budget Call Circular</td>
<td>FDD/MOF</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; week September</td>
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<td>2</td>
<td>Draft compilation of FY 2021 sector activity plans</td>
<td>Devolved staff, Local Council admin staff, NSA (NGOs, INGOs, CSOs)</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; week September - 1&lt;sup&gt;st&lt;/sup&gt; Week of October</td>
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<td>3</td>
<td>Participatory open local councils budget discussions with the wider community</td>
<td>FDD/BD/PDFS/MLGRD/LCs/ Devolved Staff/ Citizens</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; week October</td>
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<td>4</td>
<td>Consolidate all devolved sector annual work plans including revenue and expenditure projections for discussion of local council</td>
<td>LCs Administration</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; week October</td>
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<td><strong>Submission of draft budgets</strong></td>
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<td>5</td>
<td>Submission of draft budget to MOF and MLGRD</td>
<td>LCs Administration</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; week October</td>
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<td><strong>Discussions and comments on draft budgets</strong></td>
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<td>6</td>
<td>Technical and mentoring support to consolidate the FY 2021 budgets of LCs</td>
<td>FDD/PFMRD/Devolving MDAs</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; and 2&lt;sup&gt;nd&lt;/sup&gt; weeks November</td>
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<td>7</td>
<td>Comments on draft submitted budgets by councils consistent with provisions in this Circular</td>
<td>MOF Minister/FS/PDFS/FDD/MLGRD/</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; and 4&lt;sup&gt;th&lt;/sup&gt; Week November</td>
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<td>8</td>
<td>Collate and communicate to LCs comments on draft budgets submitted, where applicable</td>
<td>FDD</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; week December</td>
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<td><strong>Submission of approved budgets</strong></td>
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<td>9</td>
<td>Approval of budget by Local Council</td>
<td>Local Council, LCs administration/devolved MDAs</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Week of December</td>
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<td>10</td>
<td>Submission approved local council budget to MOF and MLGRD with all comments incorporated</td>
<td>LCs</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; and 3&lt;sup&gt;rd&lt;/sup&gt; week December</td>
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6.0 **Forms of the budget and supporting documents**
The FY 2021 budget of local councils shall comprise of the following in the appropriate formats

- Summary of revenue and expenditures
- Details of own source revenues and expenditures by functional and economic classifications
- Summary of personnel costs including councilors sitting fees and allowances and other fringe benefits associated with the political head and core staff of councils
- Annual work plans of devolved sectors

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2 The budget calendar was prepared consistent with provisions in the PFM Act and Regulations of 2016
7.0 Specific guidelines for submitting FY 2021 budget
Each local council shall submit its draft budget to the ministries responsible for Finance and Local Government by 31st October 2020. For the purpose of section 99(2) of the PFM Act, the draft budget documents for submission shall contain the following:

- All Approved council resolutions for adoption in FY2021. This should include amongst others own source revenue projections, total expenditures, mill rate in respect of property tax for the different categories of properties, market dues, service charges, user charges etc.
- Summary background information about council and processes in reviewing development plans, where applicable
- Details of actual own source revenues collected for each revenue stream for 2019 and January - September of 2020 and expenditures incurred in 2019 and January - September of 2020 from all funding windows (GoSL, Donors and NGOs) where applicable
- Brief summary of major revenue streams and assumptions on which each own revenue for 2021 are forecasted
- Brief summary of the major expenditure components by functional and economic classifications for 2021 and assumptions on which the 2021 wages and salaries are estimated
- Quarterly forecast of own source revenue by revenue stream
- Annual work plans (budgets) of devolved sectors in the appropriate framework
- Amount of grants, transfers, and subsidies to each Chiefdom Council within the council jurisdiction. where applicable;
- Summary of income and expenses of other programmes administered by devolved sectors
- Summary details of the number of donor and/or International NGOs funded programs implemented by council including name of project, timeframe, contract agreements for such projects, if any and activities proposed for FY 2021
- Chief Administrator’s quality certification, for example

I .................................................., Chief Administrator, Bonthe Municipal Council, hereby certify that the annual budget for FY2021 and supporting documentation have been prepared in accordance with the LGA 2004, the PFM Act of 2016 and the regulations made under these Act, and that the annual budget and supporting documents are consistent with the Development Plan of the municipality.

Name: ..................................................................................................................

Signature: ...........................................................................................................

Date: .................................................................................................................

8
8.0 Devolved Sectors’ guidelines for preparing devolved sector work plans for FY 2021 budget

a) Fisheries and Marine Sector

Local councils should prioritize the following:

i. Registration and licensing of artisanal fishing canoes
ii. Artisanal Fisheries data collection
iii. Training on Beach Management/fish landing site and monthly cleaning exercise.
iv. Sensitization on the effects of using bad fishing methods
v. Training of harbor masters and master fishermen on their roles and responsibilities.
vi. Training on fish handling and processing techniques.
vii. Refresher training on community surveillance and boarding procedures.
viii. Procurement of cleaning tools, dustbins and tapelines.
ix. Construction of raised platforms for fish sorting and handling.

b) Library Services

Local Councils should consider the following whilst programming for library services:

i. Core Text and Supplementary Text books: Increase access to reference, core text books and supplementary readers; increase the use of the library for an improved reading culture; increase the number of passes in both class and public exams.
ii. Electronic Digital Information and Computer Accessories:
   a. Increase access to electronic/digital information and computer accessories for educational and Literacy programs.
iii. Literacy and Educational Programs: Increase access to literacy and educational programs.
iv. Library Reading Promotion: Library reading promotion interventions- increase active participation in educative/topical events across the country.
v. Fuel and Monitoring Vehicle/Motor bike: Procurement of liters of fuel and monitoring vehicle/motorbikes –To increase adequate and smooth operations of the library by aiding the library’s day to day operations for efficient and effective service delivery; enhance the transportation of educational materials and monitoring of services provided for clientele in educational institutions.
vi. Furniture: Increase access to adequate sitting accommodation for a user friendly environment.
ix. **Book Processing Materials:** Increase easy access and identification of books on shelves and provide for accurate membership of clientele.

c) **Health and Sanitation**

Local Councils should focus their intervention on the following:

**Primary Health**

i. Councils are advised to work with DHMTs to ensure that provision is made for transfer of cash to PHUs in order to minimize the impact of the absence of the Performance Based Financing

ii. To get one CHC per chiefdom fully functional to deliver laboratory/medical/obstetric services

iii. Procure essential drugs for all PHUs

iv. Strengthen the delivery of quality primary and general care through the implementation of the BPEHS

v. Specialized outreach services provided to primary health care levels

**Secondary Health (Hospital)**

i. Procure essential drugs for all hospitals

ii. Laboratory equipment’s and reagents be provided for all hospitals

iii. Provide specialized diagnostic facilities in secondary and tertiary hospitals

iv. Provide high quality in-service training and continued education for staff

v. Specialised outreach services provided to secondary levels

vi. Functional ambulance system in place

vii. Functional blood bank facility in each hospital